

*Board of Trustees Meeting*

Thursday, March 20, 2003, 9:00 a.m.  
Utah Association of Counties Building, Training Room

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9:00	Call to Order	Dan McConkie
	Review of Board Members Absent	Dan McConkie
	Approval of February Minutes	Dan McConkie
	Ratification of Wells Fargo Business Credit Cards	Lynn Lemon
	UAC Service Contract	Brent Gardner
	Broker's Report	John Chino
	Director's Report	Lester Nixon
	AGRIP Conference Report, Insurance Coordinator Workshop, Employee (Purchasing) Manual, Investment Earnings, Collection from UAC, Building Sublease/Purchase Agreement	
	Designated Representative to AGRIP	Lester Nixon
	UACIM Claims Management	Lester Nixon
	Remodel of Claims Work Area	Lester Nixon
11:30	Lunch	
	Appoint Audit Committee Member	Dan McConkie
	Personnel Committee Report	Steve Baker
	Ratification of February Payments & Approval of March Payments	Gene Roundy
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
	Other Business	
1:00	Adjourn	



## **UACIM BOARD of TRUSTEES MEETING**

### **M I N U T E S**

**March 20, 2003, 9:00 a.m.**

Utah Association of Counties Training Room

#### **BOARD MEMBERS PRESENT**

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
LaVar Cox, Millard County Commissioner  
James Eardley, Washington County Commissioner  
Brent Gardner, UAC Executive Director  
Jerry Grover, Utah County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

#### **MEMBERS PRESENT**

Michael Cragun, Davis County Commissioner

#### **OTHERS PRESENT**

Lester Nixon, UACIM Director  
Sonya White, UACIM Administrative Assistant  
John Chino, Arthur J. Gallagher Vice President

#### **CALL to ORDER**

Dan McConkie called the meeting to order at 9:00 a.m. and welcomed those in attendance.

#### **REVIEW of BOARD MEMBERS ABSENT**

All Trustees of the Board were present.

#### **APPROVAL of MINUTES**

The minutes of the Board of Trustees meeting held February 13, 2003 were previously sent to the Board Members for review. Steve Wall requested that *pondering* be changed to *ponder* in the second sentence, second paragraph under *Other Business* page five. James Eardley made a motion to approve the February 13, 2003 Board of Trustees minutes as corrected. Steve Wall seconded the motion, which passed unanimously.

#### **RATIFICATION of WELLS FARGO BUSINESS CREDIT CARDS**

Lynn Lemon explained that a motion was made at the February 13 meeting authorizing the issuance of business credit cards to Lester Nixon and Sonya White. Issuance of business credit cards was not an agenda item. Lynn Lemon moved to officially ratify his February 13 motion authorizing credit in the amount of \$1000 for Lester Nixon and Sonya White. Ed Phillips seconded the motion, which passed unanimously. Lester stated that a limit of \$1000 is sufficient at this time.



## UAC SERVICE CONTRACT

Brent Gardner reported that he presented the outline (list) of services to the Utah Association of Counties (UAC) Board of Directors and explained to them that from the list the Mutual Board narrowed services to the shared building and participation in UAC meetings. [Direction from the December 13, 2002 meeting was: *Property Management, Exclusive Endorsement and Use of Trademark* are items that the Board agreed are important for the Mutual to contract for through UAC and directed Brent to propose a fee for these services at the next Board meeting]. Brent said that the decision of the UAC Board was to charge the Mutual two ways for these services, 1) a hourly rate basis for employees with a quarterly accounting provided and 2) an endorsement fee basis for convention and training items—standard practice for Associations. The UAC Board directed Brent to research what those fees would be and he is in the process of doing so for a presentation at the April 16 Board of Directors meeting. The UAC Board did take action in a request that the Mutual not use Utah Association of Counties in its name.

Dan McConkie asked for direction from the Board in responding to UAC's request. Ed Phillips said that he was not sure about the fees without seeing the numbers but is troubled that the UAC Board has requested a name change. He thought the reason for making a seat on the Mutual Board for UAC was to keep a good working relationship. Ken Bischoff said that the Mutual was designed specifically for Utah's counties. Utah counties are the Mutual's only clients so he does not see a problem using the UAC name. Dan McConkie said that three counties are not members and the request for a name change was brought up by two of those counties during the UAC meeting. He suggested that the Mutual Board make a counter offer regarding the name usage. Steve Baker said that he didn't have any qualms but asked Brent why he would want to be on the Mutual Board if it is not UAC's Mutual? Brent replied that he is happy to do whatever the Board wants but UAC is no longer involved with Mutual decisions and therefore does not want the Mutual to have its name. Lynn Lemon was amazed that the UAC Board made this decision with 26 of the 29 counties members of the Mutual. LaVar Cox questioned whether UAC still wanted a good relationship. In his discussions with other officials, they didn't see a problem keeping the name. Jerry Grover said that it was his understanding from the UAC meeting that the name change was not a condition of the contract but only a request. He was also concerned with corporate status legalities. James Eardley questioned why they were fighting with themselves and suggested the name of Insurance Mutual of Utah Counties. Gene Roundy stated that since the Mutual separated with no problems it shouldn't be a problem changing the name. Dan suggested the possibility of the Mutual using a DBA (Doing Business As) so that state documents could remain as written but felt that out of respect to UAC, the Mutual should change its name. Gene Roundy made a motion for the Board to consider a new name for the Utah Association of Counties Insurance Mutual and make a decision at the next meeting. Steve Baker seconded the motion, which passed 11-2, Jerry Grover and Ed Phillips opposed.

## BROKER'S REPORT

John Chino explained that Lester Nixon had asked him to report on the Terrorism Risk Insurance Act (TRIA), signed into law 26 November 2002, which provides a Federal backstop for a foreign-based attacks. The Federal Government will pay a 90/10% split with the Insurance Industry. All insurance companies must remove the terrorism exclusion from their policies. The law only applies to excess carriers not reinsurers but the Mutual's reinsurers will be offering quotes. Right now, pools are not subject to the Act, so if the Mutual has a terrorism loss it is not eligible for the Federal backstop. However, if a loss occurs, counties would be eligible for Federal Emergency Management Agency (FEMA) assistance. It is expected that the Federal Government will change this rule by either allowing pools to opt in or opt out. The decision should be made this year and John will keep the Board updated, but for now, the Mutual is out of TRIA.

John reported that he has always tried to get hard quotes to the Mutual by August so that premiums can be determined and presented to the members by September. Gallagher will be in the same position as last year, because of a market of uncertainty, in providing final premium quotes. The reinsurers will not give a hard quote 90 days prior to renewal but John will present the best numbers Gallagher can negotiate by August. John reported that he and Lester Nixon met with Genesis and County Reinsurance Limited (CRL), a captive reinsurance company for pools, at the Association of Governmental Risk Pools (AGRIP) Conference and explained that these companies, along with other markets, will be whom Gallagher will market the Mutual's 2004 program.



John mentioned that he and Lester worked together with the New Mexico Pool and in Lester's final meeting he received a standing ovation. Lester ingratiated himself with the members, the members had confidence in him and appreciated his work. John expects the members in Utah will have the same experience.

#### DIRECTOR'S REPORT

Lester Nixon reported that he attended the Association of Governmental Risk Pools (AGRIP) Conference last week in Houston where he heard the latest update on the Terrorism Risk Insurance Act (TRIA) and as John Chino reported, sources are saying that pools will be able to opt in or opt out of coverage. Lester is leaning toward the Mutual opting out but will make a recommendation to the Board once the final rules are made—counties can fall back on the Federal Emergency Management Agency (FEMA). Lester received helpful information on the Health Insurance Portability and Accountability Act (HIPAA). Counties have been questioning whether they are subject to the Act or not. April 14 is the phase-in date and if counties have Emergency Medical Services they are accountable under the Act. Lester is preparing a presentation to be given at the Personnel Workshop May 8.

Lester announced that the Insurance Coordinator Workshop is scheduled for April 16 at the College of Eastern Utah in Price. The Mutual is offering an incentive (\$50 dinner certificate) to those coordinators who bring their completed renewal information to the workshop. Items such as the changes to the coverage agreement, legislative update, market conditions, contracts, etc. will be discussed.

Lester explained that Mark Brady is drafting an employee manual and purchasing manual. UAC Insurance Mutual is clearly a governmental entity and the new policies governing the employees need to be drafted as such. Mark will have a draft of these policies for the Board at the next meeting.

In researching the Mutual's investments, Lester was surprised to find that all the Mutual's monies are held with the Public Treasurer's Investment Fund (PTIF) earning only 1.8% interest. PTIF is safe but has a very low return. Under the Utah Money Management Act, the Mutual can invest in/with many qualified depositories/dealers. Lester has found that other options are paying an average of 4.6%, i.e., corporate debt 4.5-5%. Utah Local Governments Trust is making 7% on their investments. Instead of 1.8% the Mutual should be making around 4.5%, i.e., \$350,000 investment income per year instead of \$150,000). Lester recommended that the Audit Committee draft an investment policy. Ken Bischoff made a motion directing Lester Nixon and the Audit Committee to draft an investment policy for the Board to review at the next meeting. Steve Wall seconded the motion, which passed unanimously.

Lester reported that Larson and Company is in the process of conducting the annual audit using generally accepted accounting principles rather than statutory accounting principles as required by the Utah State Insurance Department. Larson and Company has asked for clarification on the reimbursements from the Utah Association of Counties (UAC) to the UAC Insurance Mutual. Gary Herbert reported at the December 19, 2002 meeting to the Trustees that the UAC Board had approved the Mutual's proposal of \$65,498 to be returned for unexpended salaries and all reserves totaling \$59,088. However, the minutes of the UAC Board of Directors meeting, held November 13, show that the motion was to approve half or \$32,749 of the requested reimbursement. Lynn Lemon said that the motion approving half was the initial motion by Mark Altom but was substituted by a motion to pay the full amount, the UAC minutes are incorrect. Lester explained that clarification is also needed on the percentage amount for the payment of debt service and ownership determination. The Sublease/Purchase Agreement lists 47% based on usage of the building. Larson and Company determined in their audit that 38.4% of the square footage of the building (including shared spaces) is used by the Mutual. Brent Gardner confirmed that the 38.4% was the correct percentage allocation.

#### DESIGNATED REPRESENTATIVE to AGRIP

Dan McConkie explained that the UAC Insurance Mutual is a member of the Association of Governmental Risk Pools (AGRIP) who requires that the Mutual designate a representative who shall vote and receive correspondence on behalf of the Mutual. Lynn Lemon made a motion to appoint Lester Nixon as the Mutual's AGRIP designated representative pursuant to the signed resolution (see attachment #1). Kay Blackwell seconded the motion, which passed unanimously.





### UACIM CLAIMS MANAGEMENT

Pursuant to Lester Nixon's memorandum to the Board of Trustees, dated March 4, 2003 (see attachment #2), Lester addressed the subject of administering claims internally as opposed to contracting with a Third Party Administrator (TPA). To summarize his initial research, Lester provided the Board with a comparison spreadsheet (see attachment #3) that listed the cost components, benefits and negatives of the present TPA contract compared to the cost components, indirect costs and costs of internally administering claims and noted the exemption status from insurance department regulation. Lester projected that internal administration would save the Mutual \$30,000-\$50,000 per year. John Chino stated that the reinsurers would have to approve this type of change in the program. If the Mutual hires the VeriClaim employees directly (those people who have always been handling the Mutual's claims) the change might be more easily accepted. Gene Roundy questioned why the Board had not researched this option before? Brent Gardner answered that it was an insurance department requirement. Kent Sundberg added that Shawn Guzman began researching this option and had concerns with the reporting system(s). Lynn Lemon asked how the claims history will be maintained if a new system is put in place? Lester explained that all the claims history would be converted. The Mutual would cover the professional liability of the employees, the salary amounts in the comparison were increased by 50% to accommodate the benefit package offered by the Mutual and \$15 per square foot was included in the costs for office space. Lynn Lemon made a motion directing Lester Nixon to proceed with the proposal of administering claims internally and provide the Board with progress reports. Ken Bischoff seconded the motion, which passed unanimously. Lester will follow the calendar considerations outlined in the memorandum.

### REMODEL of CLAIMS WORK AREA

Pursuant to Lester Nixon's memorandum to the Board of Trustees, dated March 4, 2003 (see attachment #4), Lester explained that Sonya White's duties now include payroll, benefits and other accounting duties that require a higher degree of privacy and confidentiality that are not being met under the new Health Insurance Portability and Accountability Act (HIPAA). Lester proposed that the work area used by VeriClaim be converted to an office for Sonya. The Board took a tour to see the area that Lester was proposing to be remodeled. Lester projected a cost of \$4,000 that could be allocated to the building repair budget item. Ed Phillips made a motion to notify the Utah Association of Counties (UAC) of the need of a private office and contact the original architect to look at a remodel for either/or the workroom and Sonya's current area. LaVar Cox seconded the motion. James Eardley made a substitute motion, recognized by the chair, directing Lester to move ahead with the options, including discussing them with UAC, and present them to the Board for review. Lynn Lemon seconded the motion. Gene Roundy said that the Board should recognize the costs will most likely be more than \$4000. The motion passed unanimously. Brent Gardner said that the original architect is no longer in business but he has the phone number of the person who drew the plans for the building. Brent will give Lester that number.

### APPOINT AUDIT COMMITTEE MEMBER

The appointed chairman of the Audit Committee, Tex Olsen, is no longer a member of the Board of Trustees. Lynn Lemon and Kent Sundberg are current members of the Committee. Dan McConkie recommended to the Board that Steve Wall fill the third Committee member seat. Steve said he was willing to accept the appointment. James Eardley made a motion to appoint Steve Wall to the Audit Committee. Gene Roundy seconded the motion, which passed unanimously.

### PERSONNEL COMMITTEE REPORT

Steve Baker reported that the Personnel Committee met on February 21 to finalize the agenda and make final preparations for the May 8-9 Personnel Workshop. A copy of the agenda was given to each Board member (see attachment #5). The cost is only \$45 and will be held at the Dixie Center, in St. George.

### RATIFICATION of FEBRUARY PAYMENTS & APPROVAL of MARCH PAYMENTS

Gene Roundy explained that additional payments were made in February after the Board meeting on the 13<sup>th</sup> (see attachment #6). Also, payments to be made for March were reviewed (see attachment #7). Ken Bischoff made a motion to ratify the additional February payments and approved March payments to be made. LaVar Cox seconded the motion, which passed unanimously.



Gene noticed that the Mutual is paying \$220 per hour for actuarial services and asked if that was the going rate. Lester Nixon replied that the New Mexico Association was paying less for actuarial services. Lester will prepare a Request for Proposal (RFP) for actuarial services for 2004.

#### SET DATE and TIME for CLOSED MEETING

Kay Blackwell made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for March 20, 2003 at 10:35 a.m. Lynn Lemon seconded the motion, which passed unanimously.

James Eardley made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on March 20, 2003 at 10:48 a.m. Gene Roundy seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing an amount of \$127,500 to settle the matter of WEB01088620. Steve Baker seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

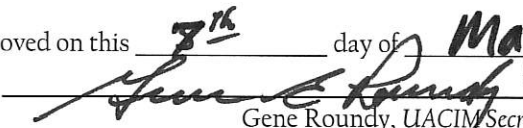
Kent Sundberg made a motion to strike the agenda item to discuss the character, professional competence, physical or mental health of an individual in a closed meeting. LaVar Cox seconded the motion, which passed unanimously.

#### OTHER BUSINESS

Kent Sundberg explained that Utah County's workers compensation insurance premium doubled this year and requested that the Mutual revisit the feasibility of a workers comp reinsurance pool. Lester Nixon explained that the work comp industry has not had a loss like September 11 in its history. If the Mutual started a work comp pool it would be looking at a higher rate than two or three years ago. Steve Baker said that Davis County has 80 claims a year and staff is on the phone continually for work comp claims. Lots of claims involve discipline matters because of the high rate of fraud. To provide the service needed for 26 counties, Lester said it would take four employees. John Chino explained that the workers comp pools he's involved with formed for a reason. Arizona had a big deviation and lost workers comp, it was time to form a self-insurance pool. New Mexico does not have a state fund so they formed a self-insured pool. John questioned what the state fund in Utah was doing? Steve Baker explained that Workers Compensation Fund of Utah has a modification rate, history and volume discount. John said that it is simple to conduct a study, if premiums are significantly higher than the claim history then it is a good idea to form a pool. The Mutual can control losses better than the state fund. The Board directed staff to collect the necessary data from the member counties and make a presentation to the Board at its next meeting.

The meeting was adjourned at 11:20 a.m. by Dan McConkie. The next meeting of the Board of Trustees will be held on Wednesday, May 7, 2003 at 4:00 p.m. at the Abbey Inn Conference Room in St. George. Dinner will be provided. Jerry Grover and Kent Sundberg will be out of state and unable to attend.

Respectfully submitted by Sonya White, Administrative Assistant

Approved on this 7<sup>th</sup> day of May, 2003  
  
Gene Roundy, UACIM Secretary-Treasurer



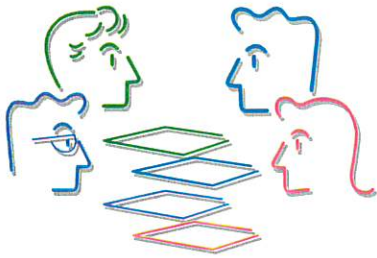
## DIRECTOR'S REPORT

1. AGRIP Conference Report – This will be a verbal report concerning the latest developments regarding Terrorism Risk Insurance Act (TRIA) and Health Insurance Portability and Accountability Act (HIPAA)
2. Insurance Coordinator Workshop – Verbal review (handout).
3. Employee Manual, Purchasing Manual – Staff is preparing both manuals. The Mutual is an Interlocal Cooperation Act entity and also a governmental entity.
4. Investment Earnings – The Mutual has an \$11 million portfolio. Last month we earned less than 2% on that \$11 million. For all of 2002, we earned 2.1%. By comparison, the Utah Local Government Trust, also a public mutual, earned 6%. The Audit Committee has responsibility for investment oversight. If the Board so directs, staff will work with the Audit Committee to investigate permissible alternatives to placing the entire portfolio held now with the State Treasurer.
5. Collection from UAC - Larsen and Company is presently underway with the annual audit of the Mutual. They have raised the question of the amount owed to the Mutual by the UAC. The amount presented to the UAC by President Herbert was a total of:
  - \$65,494-unexpended salaries
  - 34,520-debt service reserves
  - 11,468-building maintenance
  - 13,300-auto reserves**\$124,782-Total**

The Motion passed by the UAC at its November 13, 2002 Board meeting was for a total of **\$92,037**, the motion having lowered unexpended salaries to \$32,749. The auditors will need to book this receivable at one of these amounts. Staff seeks the Board's direction.

6. Building Sublease/Purchase Agreement – The same motion at the UAC Board meeting mentioned in five above recommended that UACIM pay 47% of future obligations but it was presented to the UACIM Board that the 2003 percentage would be 36%. The Agreement regarding the building will require updating to reflect this change.





Plan to attend the...

## Insurance Coordinator Workshop

April 16, 2003

10:00a - 12:00p

College of Eastern Utah

451 East 400 North, Price

### ITINERARY

- ☐ 2004 Renewal
- ☐ Law Update
- ☐ Changes to the Coverage Agreement
- ☐ Insurance Marketplace and Its Effect on UACIM  
(Earthquake, Medical Malpractice, Terrorism, Cost of Reinsurance)
- ☐ Contractual Risk Transfer "Don't Let Them Do That To You"
- ☐ Earned Credits & Review of Changes to Receive Next Year's Credit
- ☐ Renewal Reward

### Special Instructions:

Please contact Sonya White, 801-293-3098 or [sonya@uacim.org](mailto:sonya@uacim.org), to let us know if you are able or unable to attend.

The 2004 Renewal Packets were mailed on February 19 and are due by April 16. If ALL completed information is brought to the Workshop you will receive a reward for your compliance to the Risk Management Program prerequisite.

The Insurance Coordinators Workshop is being held in conjunction with the Utah Association of Counties Management Conference. If you are ONLY attending the Insurance Coordinators Workshop you do not have to register for the Conference (please do not check-in at the UAC registration desk unless you have registered).

If you need hotel accommodation please make your own reservations. Rooms are available for April 15 at the Holiday Inn, 838 Westwood Blvd. in Price, under the 'Insurance Mutual Room Block' at a rate of \$74 by calling 435-637-8880. This Room Block is available until April 1.

Lunch on your own.







## GRAND COUNTY COUNCIL MEMBERS

Jim Lewis (Chair) · Joette Langianese (Vice Chair) · Al McLeod  
Jerry McNeely · Judy Carmichael · Nate Knight · Rex Tanner

March 4, 2003

Mr. Lester J. Nixon  
Director  
Utah Association Insurance Mutual  
5397 South Vine Street  
Salt Lake City, UT 84107

RE: Flood Zone A Properties

Dear Mr. Nixon:

We are in receipt of your letter of February 20, 2003 regarding the Declaration page for flood insurance on our Flood Zone A properties.

We appreciate the Board's willingness to pay the additional premiums this year. If we receive the information in September we will be able to evaluate the situation and budget accordingly.

Once again, thank you for your assistance to Grand County.

Sincerely,

  
Judy Bane  
County Administrator

jjb





UTAH ASSOCIATION

INSURANCE MUTUAL

# Memorandum

**To:** Board of Trustees, UAC Insurance Mutual  
**From:** Lester Nixon, Director  
**Date:** 3/20/03  
**Re:** Designated Representative to AGRIP

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The UAC Insurance Mutual is a member of the Association of Governmental Risk Pools (AGRIP). AGRIP requires member pools to designate a representative who shall vote and receive correspondence on behalf of the pool.

Staff requests the Board to name Lester Nixon as the UAC Insurance Mutual Designated Representative to AGRIP and authorize the President and Secretary to sign the resolution to that effect.



"... as a result of our effort, the pooling community is united to achieve excellence in governance, management and service."

## **RESOLUTION APPOINTING DESIGNATED REPRESENTATIVE TO THE ASSOCIATION OF GOVERNMENTAL RISK POOLS**

**WHEREAS**, the UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
(Name of Pool or Organization)

desires membership in the **Association of Governmental Risk Pools**; and

**WHEREAS**, the organizational By-Laws of the **Association of Governmental Risk Pools** requires the governing Board of a Regular Member to appoint a Designated Representative who shall vote on matters on behalf of the Regular Member;

**N O W ,   T H E R E F O R E ,   B E   I T   R E S O L V E D**  
by the governing board of the UAC Insurance Mutual, that it appoints the  
(Name of Pool or Organization)  
following person as its Designated Representative to the **Association of Governmental Risk Pools**.

Designated Representative: Lester J. Nixon  
Name  
Director  
Title

Passed this 20 day of March, 2003  
Day Month Year

\_\_\_\_\_  
Signature of President or Chair

Attested: \_\_\_\_\_  
Signature of Secretary



UTAH ASSOCIATION

INSURANCE MUTUAL

# Memorandum

**To:** Board of Trustees, UAC Insurance Mutual

**From:** Lester Nixon, Director

**Date:** 3/4/2003

**Re:** Review of UACIM Claims Management

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The subject of administering claims internally, as opposed to contracting with a third party administrator (TPA), has been a recurrent issue. I have prepared the attached comparison as a way of bringing this issue to the Board for timely consideration and possible direction to staff.

The attached comparison highlights the cost differences between our TPA and my best informed estimate of projected costs if the claims function were to be brought in-house. For the TPA, I have imputed a cost of office space and utilities because if the TPA were not on our premises that cost would be included in the contract pricing. Overall, the annual cost is about \$249,000. The major advantages to the Mutual of using a TPA are professional supervision, provision of liability insurance and responsibility for software and claims reporting. The major disadvantages are cost and the fact that the TPA does not enjoy the same exemptions from state law that the Mutual does.

Regarding this proposal of making the adjusters employees of the Mutual, the major cost is salaries and benefits. Another major component of the cost is a Risk Management Information System (RMIS) for claims processing. Included in the comparison is a one-time charge of \$50,000 for the purchase of an RMIS. In subsequent years the vendor would charge an annual licensing and maintenance fee, which would likely be around \$15,000.

One alternative to purchasing an RMIS is to use an Application Service Provider (ASP). An ASP provides, at selected levels, access to an RMIS and all necessary technical support. By using an ASP, buyers can avoid the large initial outlay for the RMIS software, plus some hardware, and the need for ongoing technical support, which is a problem. There are not too many ASPs' in the insurance/risk management field but the model is a viable alternative. ASPs' charge an initial setup fee and then bill a fixed monthly fee.

Performing the claims function internally would create some indirect costs, e.g., an increase in time spent on banking and administrative activities and time spent with the reinsurers on claims reporting. I believe this could be handled within the existing budget.

If the Board wants to consider bringing claims in-house, calendar considerations are as follows:

- In-house must be ready to go by 12/31/03.
- The model (an owned RMIS or an ASP) requires 120 days to install and train, meaning an award and order should be made by 8/31/03.
- RFP – allowing 30 days to choose and 60 days to respond should be issued by 5/31/03.
- Specifications written and approved by Board – 70 days maximum from 3/20/03.

Staff presents this for the consideration of the Board.

# COMPARISON

## PRESENT TPA CONTRACT

### **cost components**

\$242, 278 Per Year

Office space & utilities provided (approx. \$6,500 per year)

### **benefits**

"Someone to blame"

Furnish own professional liability

Oversight by a claim professional supervisor

90 day notice to cancel contract

Prepares claims reports, maintains software

### **negatives**

Not exempt from Bad Faith

Uninsured Motorists' requirement

Have not needed someone to blame

### **TOTAL COSTS**

**\$248,778**

## CLAIMS MANAGED IN-HOUSE

### **cost components**

Salaries and Benefits, incl. WC

Software and hardware costs (will have to upgrade existing)

Cost of telephone & supplies

### **indirect costs**

More administrative/banking responsibilities

Consider reinsurance effect

### **costs**

Claims Manager

91,500

Claims Assistant

49,000

Software

50,000

Hardware (server)

15,000

Hardware (new)

4,500

Hardware (upgrade)

6,000

Telephone & supplies

5,000

### **TOTAL COSTS**

**\$220,500**

### **notes**

Exempt from most insurance dept regulation

Software purchase is a non-recurring cost

Estimate \$15,000 annual license & maintenance

Some costs presently charged to files would be

charged to budget, e.g., adjuster travel







# Memorandum

**To:** Board of Trustees, UAC Insurance Mutual  
**From:** Lester Nixon, Director  
**Date:** 3/4/2003  
**Re:** Remodel of Claims Work Area

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The VeriClaim dedicated claims unit has a work area directly across from Mark Brady's office. This area is primarily used for file storage and contains the office equipment and supplies owned by VeriClaim.

I am proposing to convert the VeriClaim work area into an office for the purpose of relocating Sonya White. Sonya's job duties now include preparing payroll, benefits and other accounting duties, which require a higher degree of privacy and confidentiality. In addition, she is often involved with members and vendors on protracted telephone calls that should be free of distraction. The VeriClaim items would be moved to the area presently used by Sonya. All efforts would be made to keep the area esthetically pleasing.

The budget contains \$5,634 for building repair and replacement, which can be applied toward the office modifications. There is also \$50,000 for other expenses, which could be used for the purchase of necessary furniture.

Staff requests Board approval to proceed with contacting the original building developer for cost estimates, to proceed with modifications up to \$4,000 and to purchase necessary furniture of a quality consistent with other staff furnishings.





## SIXTH ANNUAL PERSONNEL WORKSHOP

MAY 8-9, 2003

DIXIE CONVENTION CENTER, ST. GEORGE

### SCHEDULE of EVENTS

#### THURSDAY, MAY 8

- 8:00-8:30 **Registration / Check-in**
- 8:30-8:45 **Welcome**  
Steve Baker, Davis County Personnel Director
- 8:45-10:30 **Supervisory Responsibilities / Liabilities**, Performance Appraisal Principles, Civil Rights Laws, Enforcing Agency Policies  
Presenter: Jim Smith, Cache County Personnel Director
- 10:30-11:00 **Break**
- 11:00-12:00 **Workers Compensation**, Claims Procedures, Independent Medical Examinations, Hearings, Documentation  
Presenter: Linda Baker, Workers Compensation Fund
- 12:00-1:30 **Lunch**
- 1:30-2:30 **Pre-Employment Testing**  
Presenter: Shawn Guzman, St. George City Attorney
- 2:30-3:30 **Health Insurance Portability and Accountability (HIPAA)**  
Presenter: Lester Nixon, UAC Insurance Mutual Director
- 3:30-4:00 **Break**
- 4:00-4:30 **Appropriate Personnel File Contents**  
Presenter: Mark Brady, UAC Insurance Mutual Loss Control Manager
- 4:30-5:00 **What's Happening and How Bad Is It**, From the UACIM Vault: Personnel Claims, Statistics and Case Studies  
Presenters: Mark Brady and Lester Nixon, UAC Insurance Mutual
- 6:00-8:00 **Dinner w/Entertainment**  
Entertainer: Rick Brady

**Registration Fee  
is only \$45**

**For All  
County Officials  
& Employees**

**Register on-line  
[www.uacim.org](http://www.uacim.org)**

#### FRIDAY, MAY 9

- 8:00-12:00 **Working with Difficult People**, Organizational Dynamics, Conflict Resolution, Team Building  
Presenter: Dr. Sandy Petersen, Davis County School District Director of Curriculum and Staff Development
- 10:30-11:00 **Break**

#### SPECIAL INSTRUCTIONS:

Registration fee is \$45, which includes meals (spouses fee \$30, children \$15). Registration form and fee must be received by April 25. Please copy this form for other attendees. Please make your own hotel reservations. Rooms have been blocked under UACIM at Abbey Inn (\$65) 435-652-1234 and Holiday Inn (\$65) 800-457-9800 until April 10. Cancellation refunds cannot be made after May 1. For more information contact Sonya White at 801-293-3098 or [sonya@uacim.org](mailto:sonya@uacim.org).

Return this portion with your registration fee by April 25 to: UACIM, 5397 S. Vine Street, SLC, UT 84107

#### REGISTRANT INFORMATION

Name \_\_\_\_\_ Title \_\_\_\_\_

County \_\_\_\_\_ E-Mail \_\_\_\_\_

Phone Number \_\_\_\_\_ Fees \$ \_\_\_\_\_

IF ATTENDING MEALS: Spouse's Name \_\_\_\_\_ Children's Names \_\_\_\_\_

Special Needs \_\_\_\_\_



# **UAC Insurance Mutual** **Payments** February 28, 2003

WF-Expense	Type	Date	Num	Name	Memo	Split	Amount
	Check	02/25/2003	1851	AGRIP	Lester Nixon Spring Conference Registration	Expenses	-525.00
	Check	02/25/2003	1852	Utah State Tax Commission	2001 Ford Escape	-SPLIT-	-188.50
	Check	02/25/2003	1853	Utah State Tax Commission	2002 Ford Taurus	-SPLIT-	-188.50
	Check	02/25/2003	1854	Office Depot	Invoice: 195683611-001, Credit Memo: 195474394-001	-SPLIT-	-275.89
	Check	02/25/2003	1855	TelAmerica	Invoice Number: 1436307	Telephone	-15.14
	Check	02/25/2003	1856	A La Carte Catering	Invoice Number: 1660	Board Expense	-184.00
	Check	02/25/2003	1857	Gary Herbert	Mileage Reimbursement	Board Expense	-25.20
	Check	02/25/2003	1858	LaVar Cox	Mileage Reimbursement	Board Expense	-100.80
	Check	02/25/2003	1859	Lynn Lemon	Mileage Reimbursement	Board Expense	-64.80
	Check	02/25/2003	1860	Kent Sundberg	Mileage Reimbursement	Board Expense	-36.00
	Check	02/25/2003	1861	Dan McConkie	Mileage Reimbursement	Board Expense	-21.96
	Check	02/25/2003	1862	Kenneth Bischoff	Mileage Reimbursement	Board Expense	-32.40
	Check	02/25/2003	1863	Steve Baker	Mileage Reimbursement	Board Expense	-18.11
	Check	02/25/2003	1864	Steven Wall	Mileage Reimbursement	Board Expense	-118.80
	Check	02/25/2003	1865	Gene Roundy	Mileage Reimbursement	Board Expense	-188.64
	Check	02/25/2003	1866	Lester J. Nixon	AGRIP Spring Conference Per Diem	Expenses	-300.00
	Check	02/25/2003	1867	Sutler Axland	Invoice Number: 1262125	1099 Nonemployee Compensation	-559.00
	Check	02/26/2003	1871	BYU Law School	Registration: Mark Brady	Loss Control / Training	-80.50
	Paycheck	02/28/2003	1868	Lester J. Nixon		-SPLIT-	-2,436.30
	Paycheck	02/28/2003	1869	Mark W. Brady		-SPLIT-	-1,967.60
	Paycheck	02/28/2003	1870	Sonya J. White		-SPLIT-	-1,138.88
Total WF-Expense							-8,466.02
TOTAL							-8,466.02





# UAC Insurance Mutual Payments As of March 20, 2003

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Liability Check	03/05/2003		United States Treasury	87-0495792	-SPLIT-	-3,848.04
Paycheck	03/14/2003		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	03/14/2003		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	03/14/2003		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	03/14/2003		QuickBooks Payroll Service	Created by Payroll Service on 03/12/2003	-SPLIT-	-5,547.28
Check	03/20/2003	1872	International Special Risk Service, Inc.	Invoice 7109 (WAS Limit Increased)	Bonds	-450.00
Check	03/20/2003	1873	Verizon Wireless	Account Number: 1006-10502048	Telephone	-134.43
Check	03/20/2003	1874	Verizon Wireless	Account Number: 1016-10497697	Telephone	-45.68
Check	03/20/2003	1875	Continental Printing	Invoice Numbers: 2056	Printing	-131.00
Check	03/20/2003	1876	Qwest	Account Number: 801-293-3098-606B	-SPLIT-	-219.10
Check	03/20/2003	1877	Cactus & Tropicals	Invoice: 54528	Maintenance	-139.25
Check	03/20/2003	1878	PEHP-LTD	Coverage Period: January 2003	Medical	-54.31
Check	03/20/2003	1879	PEHP-LTD	Coverage Period: February 2003	Medical	-91.31
Check	03/20/2003	1880	AJ Gallagher Risk Management Services Inc	Invoice Number: 173077	-SPLIT-	-15,000.00
Check	03/20/2003	1881	Taylor-Walker & Associates, Inc.	Invoice Number: 14503	Actuarial Analysis	-3,960.00
Check	03/20/2003	1882	Utah Local Governments Trust	Group Number: 15760	-SPLIT-	-3,427.53
Check	03/20/2003	1883	AJ Gallagher Risk Management Services Inc	Invoice Number: 175296	Liability	-6,300.00
Check	03/20/2003	1884	Glyphics Communications	Statement Number: 952122	-SPLIT-	-50.90
Check	03/20/2003	1885	Office Depot	Invoice: 197353498-001	Office Supplies	-140.87
Check	03/20/2003	1886	Utah Chapter of PRIMA	Chapter Luncheon, March 25, 2003	-SPLIT-	-36.00
Check	03/20/2003	1887	Lester J. Nixon	Expenses Reimbursement	-SPLIT-	-721.53
Check	03/20/2003	1888	Skool Lunch	Account: UACIM	Board Expense	-84.87
Check	03/20/2003	1889	Sonya J. White	Expense Reimbursement	-SPLIT-	-66.50
Check	03/20/2003	1890	Utah Association of Counties	Lester Nixon (Yen) Registration	Expenses	-190.00
Check	03/20/2003	1891	VeriClaim, Inc.	Invoice #2420945004	Claims Management	-40,379.67
Check	03/20/2003	1893	TelAmerica	Invoice Number: 1446907	Telephone	-32.29
Check	03/20/2003	1894	Utah Safety Council	Invoice Number: 75805	Loss Control / Training	-45.00
Check	03/20/2003	1895	Sutler Axland	Invoice Number: 1262314	-SPLIT-	-204.00
Check	03/20/2003	1896	A La Carte Catering	Invoice Number: 1711	Board Expense	-181.00
Check	03/29/2003		Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-280.73
Total WF-Expense						-81,761.29
TOTAL						-81,761.29





# UAC Insurance Mutual

## Budget to Actual Comparison

	Jan - Mar 03	Budget
<b>Income</b>		
Investment Income	32,699.98	225,000.00
Premiums Written	3,885,284.00	3,858,083.00
Reimbursements	0.00	65,498.00
<b>Total Income</b>	<b>3,917,983.98</b>	<b>4,148,581.00</b>
<b>Expense</b>		
Accounting	252.75	14,750.00
Actuarial Analysis	5,304.50	13,000.00
Automobile		
Expenses	459.00	7,500.00
Reserve	0.00	15,120.00
<b>Total Automobile</b>	<b>459.00</b>	<b>22,620.00</b>
Board Expense	2,383.43	8,000.00
Brokerage Fee	80,000.00	80,000.00
Building		
Maintenance	139.25	12,000.00
Repairs & Replacement	0.00	5,634.00
Reserve	0.00	17,260.00
<b>Total Building</b>	<b>139.25</b>	<b>34,894.00</b>
Claims Management	80,759.34	242,278.00
Copying	0.00	1,200.00
Dues / Subscriptions	682.10	1,500.00
Information Technology	70.00	4,000.00
Insurance	15,611.69	1,500.00
Lease Purchase	0.00	87,000.00
Loss Control / Training	1,637.45	14,000.00
Losses	103,362.11	2,000,000.00
Office Supplies	948.44	2,500.00
Other Expense	926.00	50,000.00
Postage	-1.43	1,000.00
Printing	729.40	1,000.00
Reinsurance		
Boiler & Machinery	35,067.00	35,067.00
Crime	5,060.00	5,060.00
Flood Zone A	32,677.00	0.00
Liability	706,300.00	700,000.00
Property	614,615.00	614,615.00
<b>Total Reinsurance</b>	<b>1,393,719.00</b>	<b>1,354,742.00</b>
Service Contract	0.00	5,000.00
Staff		
Expenses	5,428.07	17,500.00
Medical	8,732.82	32,340.00
Payroll Expenses	2,344.13	14,304.00
Retirement	0.00	40,580.00
Salaries	31,879.99	189,815.00
<b>Total Staff</b>	<b>48,385.01</b>	<b>294,539.00</b>
Telephone	1,273.19	5,500.00
<b>Total Expense</b>	<b>2,005,107.05</b>	<b>4,239,023.00</b>
<b>Net Income</b>	<b>1,912,876.93</b>	<b>-90,442.00</b>

